Ec320. Economics of Less Developed Countries. Revised Syllabus

Fall 2008, T,Th 2-3.30, CAS116

Course Website: http://people.bu.edu/dilipm/ec320/320hmpg.html

This course will provide an introduction to development economics. Topics covered include: (a) conceptual approaches to economic development; (b) theories and facts pertaining to economic growth, inequality, poverty, rural-urban transformation, population and human development; (d) development policy issues including education, health, population, land reform, credit, industrial policy and globalization.

Prerequisites: Introductory courses in microeconomics (EC101/111 or equivalent), macroeconomics (EC102/112 or equivalent) are essential. A statistics course covering regression analysis will be extremely useful. Intermediate microeconomics and macroeconomics will be helpful but is not essential.

Grades: There will be a mid-term and a final exam, each accounting for 40% of the overall course grade. The remaining 20% will be based on problem sets. The mid-term will be held in class on October 23. The final will be held on December 16. No requests for change of date of exams will be entertained.

Problem Sets: There will be four problem sets which will be posted on the course web-site. They enable you to test your understanding of some of the key topics covered, and help you prepare for the exams.

Attendance: You are responsible for coming to class on time (at least 2-3 minutes before 2 pm), attending all classes, keeping notes during the lectures, and integrating them with required
readings. Please let me know of impending absences by email, and the reason.

If you miss an exam without legitimate reason and advance notice, you will receive a grade of zero. If you miss an exam for a legitimate reason, and you have notified me in advance, I will schedule a make-up exam a week or two later (in the case of mid-terms) or at the beginning of next semester.

It is your responsibility to plan your travel ahead around exams dates. In particular, the date of the exams are determined by the Registrar and cannot be changed for any reason.

Policy on Cheating: You are responsible for reading and understanding the CAS Academic Conduct Code, which you can pick up in room CAS B3. Academic misconduct involves not only direct cheating on tests, but some more subtle acts as well. All work handed in for credit must be your own, with the exception that you are encouraged to discuss your papers with each other but must turn in separate work demonstrating independent thought and investigation. I will report cases of suspected academic misconduct to the Dean’s Office. In addition to any punishment determined by the College, you will receive a 0 for the test or assignment.

Optional Project: You can write a paper investigating some topic related to development economics that you personally find interesting and would like to read about further or conduct some research. This is purely optional — it will nominally not count towards your course grade, but in case you are on the borderline between two grades a good paper can bump you up into the higher grade. It can also help if you ask me for a recommendation for applying to graduate school or a research-related job. If you do want to write a paper, you must let me know by end of October; you will need to discuss the topic with me and I will give you feedback as well as assign suitable readings. The topic should be related to development economics: e.g., specific country or sector experiences, or policy issues. I will be expecting a paper of between 15 to 30 pages (11 point, single-spaced, including references). It will have to be turned in by the last date of class, December 11.

Readings: The textbook for the course is:


This book (hereafter referred to as DR) covers much more material than is needed for this class, so refer to appropriate sections and page numbers listed below for each part of the course.

Some sections of the course are not covered by the book; we will be referring to some journal articles listed below. They can be downloaded from the web (using your BU account, as the BU library has subscriptions to the relevant journals).
Time-Table: Topics and Readings

1. Overview: (Session 1: Sep 2)
   Introduction; income and growth comparisons; income distribution; human development; structural aspects of development (DR Ch. 2: pp7–38).

2. Economic Growth: (Sessions 2-4: Sep 4,9,11; DR Ch. 3)
   Modern growth: basic features (DR 47-51)
   Harrod-Domar theory (DR 51-57)
   The Solow Model (DR 64-75)
   Empirical evidence (DR 74-87).

SEP 18: PROBLEM SET 1 DUE

3. Rural-Urban Transformation: (Sessions 5-7: Sept 16, 18,23)
   Changing structure of developing economies: rural-urban, agriculture-industry, informal-formal sectors (DR Ch. 10: 345–353).
   Lewis model of economic development (DR Ch 10: 353–372)
   Rural-urban migration: Harris-Todaro model and migration policy (DR Ch 10: 372–386)

4. The Role of History: (Session 8: Sep 25)
   Coordination Failures, Balanced Growth, Expectations, Increasing Returns (DR Ch 5: 131–154)

OCT 2: PROBLEM SET 2 DUE

5. Income Distribution: (Sessions 9-11: Sep 30, Oct 2,7 )
   Measures of inequality (DR Ch. 6: 169–193).
   Measures of poverty (DR Ch 8: 249–264)
   Interaction between income distribution and development: Kuznets-inverted-U hypothesis (DR Ch. 7: 197–209); impact of inequality on savings, growth, credit, human capital (DR 211–223, 226–229, 237-238)
6. **Human Development:** (Sessions 12, 13: Oct 9, 16)


**OCT 16: PROBLEM SET 3 DUE**


**Session 14: Oct 21 REVIEW**

**OCT 23: MIDTERM EXAM**

7. **Population and Development:** (Sessions 15-17: Oct 28,30, Nov 4)


   Population growth and economic development (DR Ch 9: 326–337)

   Determinants of fertility (DR Ch 9: 308–318)

   Population policies (DR Ch9: 318–326)

8. **Agricultural Policies:** (Sessions 18–21: Nov 6,13,18,20)

   Tenancy and Sharecropping (DR Ch 12: 415–436)

   Land Ownership and Land Reforms (DR Ch 12: 445–462)

   Rural Credit (DR Ch.14: 529–561)

   Microfinance (DR Ch14: 578–584)

9. **Industry and Trade Policies; Globalization:** (Sessions 22-24: Nov 22,Dec 2, Dec 9)

   Comparative Advantage (DR Ch 16: 627–630); Gains from Trade (DR Ch17:647–656), Interventionist Policies (DR Ch 17: 656–676)


**DEC 4: PROBLEM SET 4 DUE**

**DECEMBER 4,11: WRAP-UP AND REVIEW**

**DECEMBER 16: FINAL**